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New York, April 1, 1918

Guaranty Trust Company of New York

140 Broadway, New York

Organizing for the Victories of Peace

The Guaranty Trust Company of New York gives herewith an outline of Great Britain's plans to meet conditions after the war. This is the second of a series of papers upon the subject of financial and economic affairs in foreign countries, with particular reference to plans for extending their foreign trade.

THE ASTONISHING growth of America's foreign trade has been an outstanding feature of the last three and a half years. To retain and enlarge the position we now hold in the commercial and financial world is one of our biggest problems. Other countries believe that their future depends upon their success in foreign trade, and are making their preparations accordingly. Every effort we now put forth here to meet the competition that is inevitable is a step toward organizing for the victories of peace.

Great Britain has approached her problem of reconstruction after the war with an enthusiasm and a thoroughness in which there is both suggestion and inspiration for the United States. In spite of the difficulties involved in her world-wide possessions and their diverse peoples, she is resolutely attempting to work out a detailed program for the restoration of her commercial and financial position. No secret is made of the fact that she expects a period of intense competition for the markets and the carrying trade of the world to follow the war, nor of her intention to be as fully prepared for it as possible.

PERIOD OF TRANSITION

Her plans naturally divide themselves so as to be in accord with the varying circumstances which will prevail during the period of adjustment to a peace basis, and with the period following the completion of this readjustment. These two periods are hardly separable, so far as general schemes of reconstruction are concerned, and in studying the plans developed by the Ministry of Reconstruction it will be found that they overlap. As a matter of fact, it is the object of the Ministry of Reconstruction, and of all

other agencies now engaged upon these problems, to arrange matters so that the period of transition shall be as brief as possible.

REDIRECTING A NATION'S ENERGY

To that end it is proposed to make plans now for giving permanent direction to all the energy, now temporarily devoted to war work, that will be released for other pursuits when peace is proclaimed. These plans are of tremendous import to the people of Great Britain, and directly to the people of other nations. The idea back of them is that, if the British Empire is to endure, there must be such a refitting of men and industries to meet changed circumstances, and such a redirection of effort, as will insure the utmost development of every resource.

GETTING OUT OF DEBT

Upon the surplus of these resources in goods and services which she can dispose of to other countries depends Great Britain's ability to get out of debt and to resume her commercial and financial leadership. Throughout the length and breadth of the empire the idea is being fostered that the future rests upon increasing production and reducing consumption, upon having more and requiring less. As Lord Milner said recently in an address before the London Chamber of Commerce:

"The greatest of all ways for an empire in debt to think is of production; to plan production, to borrow to be able to produce more; to lend to assist more production; to refuse all goods dumped at less than the cost of production—to insist on production from sources where the producers of our needs buy the products of our industries. Increase production, develop prairie, ocean, forest and mine within

your magnificent estate and out of the volume of that wealth repay your borrowed money, finding that, after you have so paid, your riches will increase."

INVENTORY OF THE BRITISH EMPIRE

In preparation for this intensive development of her resources, Great Britain is taking what is probably the most remarkable inventory ever attempted. Under the general direction of the Ministry of Reconstruction, the Ministry of Munitions, Department of the Foreign Office and Board of Trade, and other governmental agencies, nearly a hundred committees are busy collecting information regarding agricultural, mining, industrial and commercial conditions within the empire.

The inquiries of these committees touch the life of the British people in all its phases. Wherever the British flag waves these committees are saying to men, women and children: What can you do? What can you make your mines, your farms, your orchards, your plains, your forests, your seas and rivers and lakes do? Have they ever produced wealth? Can they be made to do so? Upon the answers will be founded the principles to which the British people will be asked to adhere in rebuilding the means of prosperity that war has destroyed or disorganized. In addition to these inquiries by committees sanctioned by the Government, other investigations are being made upon the initiative of individual manufacturers or merchants.

WORLD-WIDE INQUIRIES

Some idea of the extent of this investigation may be gained from the designations of a few of these committees. The Prime Minister's Committee on Commercial and Industrial Policy is to consider what industries are essential to the future safety of the nation, and what steps should be taken to maintain and establish them; what should be done to recover home and foreign trade lost during the war, and to secure new markets; to what extent and by what means the resources of the empire should and can be developed; to what extent and by what means the sources of supply within the empire can be prevented from falling under foreign control.

THE SELF-GOVERNING DOMINIONS

The Dominions Royal Commission is to inquire into and to report upon the natural resources of the five self-governing Dominions, and the best means of developing their resources; the trade of these parts of the empire with the United Kingdom, each other, and the rest of the world; their requirements and

those of the United Kingdom in the matter of food and raw materials, together with the available sources of supply; and to make recommendations and suggest methods consistent with existing fiscal policy, by which the trade of each of the self-governing Dominions with the others and with the United Kingdom can be improved and extended.

FINANCING OVERSEAS TRADE

The Financial Facilities Committee is charged to ascertain whether the normal arrangements to provide financial facilities for trade by means of existing banking and other financial institutions will be adequate to meet the needs of British industry during the period immediately following the termination of the war, and, if not, by what emergency arrangements they should be supplemented. Particular regard is to be paid to the special assistance which may be necessary to facilitate the conversion of shops and factories now engaged upon war work to normal production and their expansion to meet the exceptional demands for raw materials arising from the depletion of stocks.

REQUIREMENTS OF RECONSTRUCTION

The Ministry of Reconstruction has a Central Committee on Materials Supply which is considering the nature and amount of the supplies of materials and foodstuffs which will be required by the United Kingdom, India, the Dominions and the Crown Colonies during the period of readjustment; the probable requirements of belligerents and neutrals for such supplies at the close of hostilities; the sources from which, and the conditions under which such supplies can be obtained and transported and in particular the extent to which they might be obtained from the United Kingdom or within the Empire or from allied or neutral countries.

COTTON

Of special interest to Americans is the appointment of an Indian Cotton Committee to consider the work that has already been done toward the establishment of long-staple cotton; to determine the measure of success achieved, or whether any failure is due to agricultural or economic causes or to administrative difficulties; to make a detailed study of local conditions in each cotton-growing tract, and to inquire into the methods of ginning and marketing; to consider the possibility of developing long-staple cottons in India, and to submit recommendations as to the amount of money and the organization that will be required for that purpose.

NEW INDUSTRIES

A suggestion of the effort that will be made to develop new industries is contained in the direction to the Engineering Trades Committee to compile a list of the articles suitable for manufacture by those with engineering trade experience, which were either not made in the United Kingdom before the war, but were imported, or were made in small or insufficient quantities, and for which there is likely to be a considerable demand after the war. These are to be classified as to whether they are capable of being made by women, by men, by women alone, or only by skilled men. This committee will also list the industries to which such new manufacturers could most suitably be attached; and will make recommendations on the establishment and development of such industries by the transfer of labor, machines, and otherwise, with due regard to securing the coöperation of labor.

MINERAL RESOURCES

The Imperial Mineral Resources Bureau Committee is to prepare a scheme for the establishment in London of an Imperial Mineral Resources Bureau which is to collect information in regard to the mineral resources and metal requirements of the empire and to advise what action, if any, may appear desirable to enable such resources to be developed and made available to meet requirements.

PRODUCTION AND DISTRIBUTION

In addition to these and many other committees having general powers of investigation the Department of Scientific and Industrial Research has more than a score of committees devoted to the investigation of specific matters such as metallurgy, glass and optical instruments, illumination, abrasives, vitreous compounds, tin, tungsten, lubricants, zinc and copper. The very mention of the names will suggest that searching for raw materials, their exploitation and the possible substitutes for them will enter deeply into the future plans of the empire. Great Britain is investigating many other things that are more social and political than economic, all bearing, however, upon the purpose of bringing her people and their possessions to the greatest efficiency in the production and distribution of goods and services.

INTERNATIONAL COMPETITION

Early in 1916 the President of the Board of Trade, which, it should be remembered, is an integral part of the British governmental system, appointed several Departmental Committees to consider the

probable position of various important branches of British industry after the war, "especially in relation to international competition, and to report what measures, if any, are necessary in order to safeguard that position." These committees were the Coal Trades, Iron and Steel Trades, Engineering Trades, Electrical Trades, Non-Ferrous Metal Trades, Shipping and Shipbuilding Industries and Textile Trades.

RAW MATERIALS AND TEXTILES

The reports of these committees have already been submitted and they constitute a formidable array of accurate and detailed information as to the situation confronting these several classes of industries. Just a part of the report made on raw materials for the textile trades will indicate the nature and purpose of the inquiry made. Recognizing the present superiority of the United States as a producer of cotton the committee reported that new fields must be developed to guard against the possibility of a shortage here. India, Egypt, Soudan, the West Indies and the African colonies were discussed as to the extent of land, the character of the cotton and as to labor and transportation conditions. Of India it was reported, for example, that the yield is only from eighty to one hundred pounds of lint per acre as compared with the average yield of 200 pounds an acre in the United States and 450 pounds an acre in Egypt. But otherwise India with agricultural soil, plenty of cheap labor and good railroads is favorably regarded as a place where British ingenuity and persistence may accomplish much. Other possibilities were discussed, with this significant conclusion: "If proper steps are taken it is reasonably certain that all the cotton required by the British Empire can, in time, be grown within its own territories."

AN IMPERIAL SELLING AGENCY

With these arrangements for increasing the volume and improving the quality of the things that can be produced in the British Empire have gone plans for building up a great selling agency. The Government has created a new joint Department of the Foreign Office and the Board of Trade which is known as the Department of Overseas Trade (Development and Intelligence). This body controls the Board of Trade's Trade Commissioner Service within the empire and the Foreign Office's Commercial Attaché Service in foreign countries. In other words a single body is to control and coöperate the sources of information in regard to those who have something to sell and those who are ready

to buy. The Trade Commissioner Service is to be strengthened and enlarged and likewise the Consular service. Better trained men are to be sent out to every corner of the world to keep a watchful eye for every chance to sell British goods. The Department of Overseas Trade is to undertake the bringing of buyer and seller together more quickly and less expensively than ever before. Inquiries are to be invited and answered, and by publications for general distribution and by confidential information, the whole industrial and commercial life of the empire is to be quickened.

POSSIBLE ELECTRIFICATION

Having set in motion the machinery for stimulating production and distribution, the British Government is planning to bring to perfection the agencies by which this may be accomplished. Much attention is being given to the possibilities of electrical power. A tentative scheme of dividing the United Kingdom into districts in which super-power plants would be erected for supplying motive power and heat has been broached. The theory is that less coal would be consumed, that less labor would be needed, and that a great saving would be effected. In England at least they are not without hope that electricity may prove as great a boon to industry as did the steam engine after the disastrous Napoleonic Wars.

REBUILDING THE MERCHANT NAVY

Naturally the most attention is given to the restoration of the merchant navy, for in the past a great fleet has helped to promote the unification of the empire and the carrying charges coming into English pockets have helped to create a favorable balance of trade. Concurrently with plans to enlarge her merchant fleet, Great Britain is arranging for the improving of her harbors throughout the world. New transportation routes are

already being decided upon in accordance with plans for the exploitation of certain colonies. At home and abroad railroad and canal development is to be pushed until every productive area has been brought into touch with its market.

COMBINATION AND STANDARDIZATION

Numerous plans are being made for bringing the purposes of the Empire into harmony with the various industries. In general they adhere to the principle of amalgamation, as it is believed that only by methods of quantity production at lower cost, the division of fields both in production and distribution, and concentration of certain phases of the work in accordance with demonstrated skill, can a single industry hope to compete with German concerns.

The idea is clear in the minds of many Britons now that competition after the war will be between nations rather than individuals and that no industry will thrive without the closest coöperation with all others of related character.

CONCENTRATING CAPITAL

The great British banks are aware of the demands that will be made upon them to finance this program of restoration and new developments. By amalgamations they are concentrating great reserves of capital upon which to build a credit structure adequate to the needs of the coming years. These amalgamations are significant of the growing feeling that to win their way—or even to survive—the peoples of the British Empire must draw closer together, socially, politically and economically. As the war has welded them into a compact, coördinating, interdependent fighting machine, so, apparently, is the prospect of wonderful opportunities combined with an appreciation of the necessities of the case, urging them to unity of purpose and breadth of understanding in their preparations for peace.

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